

Service Date: March 6, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER Of The Application     ) UTILITY DIVISION  
Of The CITY OF LIVINGSTON To In     ) DOCKET NO. 84.1.5  
crease Rates And Charges For Water ) INTERIM RATE  
Service.                                 ) ORDER NO. 5050

FINDINGS OF FACT

1. On January 19, 1984, the City of Livingston (Applicant City) filed an application with this Commission for authorization to increase water rates to its Livingston, Montana customers on a permanent basis by approximately 54% which constitutes an annual revenue increase of approximately \$151,250.

2. Concurrent with its filing for a permanent increase in rates, the Applicant filed an application for an interim increase in rates of approximately 27% equaling a revenue increase of approximately \$75,625 or 50% of the proposed permanent increase.

3. The Commission's interim rules and guidelines call for "a clear showing that the petitioning utility is suffering an obvious income deficiency" before it will grant interim rate relief.

4. Examination of the financial statements submitted by the City indicate that the City has sustained losses of \$45,078, \$38,763 and \$77,709 for the years ended June 30, 1981, 1982 and 1983 respectively, relative to the operation of the municipal water utility.

5. The City alleges that as the result of insufficient

revenue generation, by the water utility, it has been unable to meet the requirements of its revenue bond indenture insofar as it relates to the 130% bond coverage ratio, placing it in technical default on its currently outstanding revenue bond issue. The City also alleges that lack of funds has caused maintenance items to be neglected and that additional funds are necessary to insure adequate maintenance and improve the quality of service provided consumers of the City's water utility.

6. The Commission in an effort to avoid prejudging issues in this Docket finds that it is appropriate, for purposes of determining a need for interim rate relief, to accept the actual expenses incurred by the utility during fiscal year 1983 and test year revenues under the rates which became effective May, 1983. Using this criteria the Commission determined that the Applicant is experiencing an annual loss in the amount of \$54,087 (\$280,496 - \$334,583 - \$54,087).

7. The Commission finds that this loss constitutes an obvious income deficiency in this instance, that deferred rate relief until a final order can be issued may adversely affect the utility's financial condition and further that under its current rate making standards, the utility may be entitled to rate relief at the time a final order is issued by the Commission in this Docket.

8. The Commission finds that the City's water utility operation is experiencing an operating loss and accordingly, finds the City is entitled to interim rate relief of \$54,087 on an annual basis (See Finding of Fact No. 6).

9. The City in its application has proposed that the

increased revenue determined appropriate in this order be generated by increasing the rates for all services provided by the Applicant on the basis of a uniform percentage increase. The Commission finds this acceptable and authorizes the Applicant to increase all rates and charges by 19.3% (\$54,087 . \$280,496 = 19.28%).

#### CONCLUSIONS OF LAW

1. The City of Livingston operates a public utility furnishing water service to customers in the Livingston, Montana area, and is subject to the supervision, regulation and control of this Commission. Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission concludes that the grant of an interim rate increase in the manner set forth herein is just, reasonable and within discretion granted by Section 69-3-304, MCA.

#### ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The City of Livingston is hereby granted authority to implement on an interim basis increased rates for its Livingston, Montana customers, designed to generate additional annual revenues in the amount of \$54,087.

2. The City of Livingston is to file revised tariff schedules spreading the increased revenues as a uniform

percentage increase to all services.

3. The interim relief granted in this Order is to be effective for services rendered on and after March 5, 1984.

4. The increase granted herein is subject to rebate should the final order in this Docket determine a lesser increase is warranted.

DONE IN OPEN SESSION this 5th day of March, 1984 by a vote of 5 - 0 at Helena, Montana.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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Thomas J. Schneider, Chairman

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John B. Driscoll, Commissioner

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Howard L. Ellis, Commissioner

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Clyde Jarvis, Commissioner

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Danny Oberg, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.